

1 September 1959

STATINTL [REDACTED]

Dear George:

This will confirm my telephone conversation this morning with Hazel regarding the funds necessary to complete our Project 2684.

I am, indeed, embarrassed by the fact that we did not notify you of the overrun and have ascertained the following facts:

At the time we submitted our July 8th revision, the work was scheduled to be completed on about July 15, 1959, and hence the estimate was made on this basis. The work was not, in fact, completed, primarily due to instrumentation difficulties that continued, and Jack assumed that through his liaison with the project people and through your continued approval of overtime, you were aware of this. The actual dollar amounts were not available because a decision was made to send financial figures every two months rather than monthly. Hence, you did not get the July figures.

The contact of our general administrative staff with this project is very, very limited because of the classification problems and, hence, our normal Contract Administration group did not pick this up. This was further bothered by vacations. The work undertaken in this project is purely service work for the technical project directors and Jack has very little opportunity to correctly estimate, and he does not really control the detail of the job. I have asked him to document, and am enclosing a copy of his memorandum, as to the various factors that went to establish the overrun. I am sure that your technical directors can verify the various items.

The teletype sent to you on the 19th of August summarized the costs through August 9th as being \$37,983 and an estimate of \$8,514 to complete this total of \$46,497, and was the figure submitted. As I said on the phone, the completion costs will depend somewhat upon what is expected of us in clean-up of equipment after the vehicle returns from its duty, and as I have suggested verbally, I would think that we would hold

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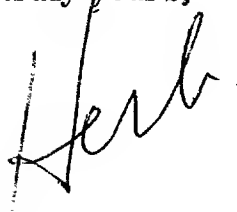
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initiation of an Amendment until it is clear what these responsibilities will be, and we will then be in a better position to give you a specific figure. It is my understanding that we should know this within a week or two.

I have taken several steps to remedy the situation. First, I have asked Mo to send you monthly statements which you can throw in the waste basket if you wish, but at least it will tend to catch violent changes in spending that may be pertinent. I have also requested our Contract Administration group to get a person more senior than the Administrative Assistant they now have in Jack's activity, so that they can have better control of the administrative functions than we have had in the past. I am sure that Security will go along with the assignment of such a person in the interest of better management that will result.

Very truly yours,



SEP 4 10 08 AM '59